

**FILED**

Date \_\_\_\_\_

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Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**Amendment No. 3 to HB3362**

**Kelsey  
Signature of Sponsor**

**AMEND Senate Bill No. 3277\***

**House Bill No. 3362**

by deleting all language after the caption and by substituting instead the following:

WHEREAS, on October 27, 2005, at the World Without Zionism Conference in Tehran, Iran, the President of Iran, Mahmoud Ahmadinejad, called for Israel to be "wiped off the map", described Israel as "a disgraceful blot [on] the face of the Islamic world", and declared that "[a]nybody who recognizes Israel will burn in the fire of the Islamic nations' fury"; and

WHEREAS, resolutions of the United Nations Security Council have imposed sanctions on Iran for its failure to suspend its uranium-enrichment activities, but the Iranian government has not suspended such activities as a result of those sanctions; and

WHEREAS, on March 24, 2007, the United Nations Security Council voted unanimously for an additional embargo on Iranian arms exports, banning the country's arms exports and freezing the assets and restricting the travel of additional individuals engaged in the country's proliferation-sensitive nuclear activities; and

WHEREAS, the United States renewed the Iran and Libya Sanctions Act of 1996 in 2001 and 2006; and

WHEREAS, in imposing sanctions on Iran, the United States has found that the policies and actions of the government of Iran, including continued support for international and state sponsored terrorism, ongoing efforts to destabilize neighboring governments, and the prevalence of human rights violations, including the denial of religious freedom, constitutes an extraordinary threat to national security and American foreign policy; and

WHEREAS, on July 31, 2007, the United States House of Representatives passed by a vote of four hundred eight (408) to six (6) the Iran Sanctions Enabling Act, which would allow states to apply economic pressure on the Iranian regime by establishing a federal list of entities that invest in Iran and allowing for divestment; and

WHEREAS, on October 25, 2007, the United States announced sweeping new sanctions on Iran barring U.S. citizens and private institutions from doing business with more than twenty (20) Iranian government agencies, three (3) state-owned banks and certain Iranian individuals as the result of Iranian support of terrorism in the Middle East and its proliferation of weapons of mass destruction; and

WHEREAS, these new sanctions are the first such sanctions imposed on another country's military forces as they specifically target the Iranian Revolutionary Guard Corps, which also operates a number of businesses dominating important segments of the Iranian economy, and the Ministry of Defense; and

WHEREAS, Secretary of State Condoleezza Rice, in announcing the sanctions, labeled the Revolutionary Guards as "proliferators of mass destruction and ballistic missile technology," called the Quds Force, an undercover military wing of the Revolutionary Guards, a terrorist organization that provides "material support to the Taliban, Lebanese Hezbollah, Hamas, Palestinian Islamic Jihad and the Popular Front for the Liberation of Palestine-General Command," and declared that the sanctions are part of "a comprehensive policy to confront the threatening behavior of the Iranians"; and

WHEREAS, Secretary of the Treasury Henry Paulson said, "in dealing with Iran, it is nearly impossible to know one's customer and be assured that one is not unwittingly facilitating the regime's reckless behavior and conduct"; and

WHEREAS, foreign entities have invested in Iran's petroleum-energy sector despite United States and United Nations sanctions against Iran; and

WHEREAS, a 2006 report by United States House of Representatives states that "a company's association with sponsors of terrorism and human rights abuses, no matter how large or small, can have a materially adverse result on a public company's operations, financial condition, earnings, and stock prices, all of which can negatively affect the value of an investment"; and

WHEREAS, according to a former chair of the United States Securities and Exchange Commission, the fact that a foreign company is doing material business with a country, government, or entity on the sanctions list of the Office of Foreign Assets Control is, in the SEC staff's view, substantially likely to be significant to a reasonable investor's decision about whether to invest in that company; and

WHEREAS, in response to the financial risk posed by investments in companies doing business with a state that sponsors terrorists, the Securities and Exchange Commission established its Office of Global Security Risk to provide for enhanced disclosure of material information regarding such companies; and

WHEREAS, in direct response to the acts of the government of Iran and other governments that support terrorism or deny basic human rights, a number of state legislatures have introduced bills that seek to divest state pension funds of holdings in their portfolios of companies that engage in, or do business, with such governments; and

WHEREAS, companies facing such widespread divestment present further material risk to remaining investors; and

WHEREAS, the General Assembly is deeply concerned about investments in publicly traded companies that have business activities in and ties to Iran and Iran's petroleum-energy sector as a financial risk to the shareholders; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-37-104, is amended by adding the following new subsection at the end thereof:

(d) The state treasurer is directed to develop and adopt a policy providing for the divestment of Tennessee consolidated retirement system ownership in securities issued by companies that have substantial current operations in Iran or Sudan. Such policy shall provide guidance on the timing of such divestment action, the procedures to be followed, and such other matters as the state treasurer deems appropriate and such policy shall be subject to the concurrence of the board of trustees. The treasurer shall implement such policy by January 1, 2010, subject to the concurrence of the board of trustees. It is the legislative intent that the divestment provided for under this subsection be implemented in such a manner that minimizes any impact on the financial performance of the investment portfolios.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.